

September 21, 2015

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: WC Docket No. 11-42 Lifeline and Link Up Reform and Modernization
NOTICE OF EX PARTE PRESENTATION**

Dear Ms. Dortch:

On September 21, 2015, Javier Rosado, Senior Vice President Alternative Businesses, TracFone Wireless, Inc. ("TracFone"), Mark Rubin, Senior Executive, Government Relations, TracFone, and undersigned counsel for TracFone, met with Nicholas Degani, Legal Advisor to Commissioner Ajit Pai.

During the meeting, we discussed various issues before the Commission in the ongoing Lifeline reform rulemaking proceeding in the above-captioned docket. Specifically, we explained TracFone's support for a transition to a third party Lifeline eligibility verification process and suggested that such a process be developed based upon enhancing the capabilities of the National Lifeline Accountability Database (NLAD). We also discussed why proposals to transition the Lifeline program to a direct benefit transfer or "voucher" system would not prevent program fraud but would reduce participation among qualified low-income households. We described a proposal which would involve use of wi-fi-enabled devices as a means for enabling Lifeline subscribers to access broadband services. In addition, we discussed several TracFone proposals which would materially reduce program fraud. These include a prohibition on in-person distribution of handsets associated with Lifeline services, and prohibiting incentive-based compensation paid to third party marketing agents. Positions taken during the meeting were consistent with those set forth in prior filings, including TracFone's initial comments in this proceeding filed on August 31, 2015.

During the meeting, we provided Mr. Degani with a PowerPoint presentation summarizing several key points. A copy of that presentation document is enclosed herewith.

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Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically. If there are questions, please communicate directly with undersigned counsel for TracFone.

Sincerely,



Mitchell F. Brecher

cc: Mr. Nicholas Degani

Enclosure

Enclosure

TracFone Wireless, Inc.

FCC Presentation

September 2015

TRACFONE[®]

TracFone Supports Third Party Eligibility Verification

- The time has come to transfer responsibility for verifying Lifeline applicants' eligibility to an independent third party verifier.
- The National Lifeline Accountability Database (NLAD) is an available resource which can be enhanced to verify applicant eligibility, not just to identify and prevent duplicate enrollments.
- TracFone has proposed a Centralized NLAD Certification System.
 - NLAD would be used to verify eligibility using 3 sources:
 - State databases (where available)
 - Federal databases
 - Applicant-provided documentation uploaded to NLAD
 - NLAD could accommodate all qualifying programs.
 - Could also be used by providers and consumers to expedite and simplify changes in providers.

Lifeline Eligibility Should Not Be Limited to SNAP or Any Other Single Program

- Coordinated enrollment through SNAP could actually increase – potentially double – Lifeline enrollment since SNAP has nearly twice as many enrollees as Lifeline.
- Medicaid and other qualifying programs are reliable indicators of economic need and should be retained.
- Qualifying programs should include certain programs targeted to low-income veterans, such as the Veterans Pension Benefit program and the Veterans Affairs Supportive Housing program.
- Medicaid must be retained as a Lifeline-qualifying program.
 - 46% of TracFone Lifeline customers who qualify through Medicaid do not receive SNAP benefits.
- By working with HMOs, TracFone has pioneered using Lifeline to enhance health care delivery.
 - Medicaid members are able to enroll through their HMOs.
 - Customers enrolling through their HMOs receive certain healthcare-related Lifeline benefits, including:
 - Unlimited 24/7 calling to the HMO.
 - Subscriptions to health care text messaging programs through Connect4Health.
 - Educational messages and appointment reminders.
 - The opportunity for Lifeline to be used to enhance health care would be lost if Medicaid was to be eliminated as a qualifying program.

Direct Benefit Transfers/Vouchers Should Not Be Adopted

- Vouchers will not prevent fraud but will make Lifeline service less accessible to those low-income households who rely on it.
- Lifeline participation by qualified low-income households has increased from around 30% (20% excluding California) to nearly 50% due to advent of competition and active outreach by providers.
- A voucher system would eliminate incentives to invest in that outreach.
- Redeeming monthly vouchers would burden consumers, including the elderly, disabled persons, and persons residing in rural areas for whom going to a provider location to redeem a voucher each month would be difficult and, in some cases, impossible.
- Electronic benefits cards may work for SNAP (Food Stamps) but are not appropriate for Lifeline. SNAP-supported benefits (food) is purchased at grocery stores when needed. Communications services is "always on" and is provided to consumers wherever they are by carriers.
- Vouchers will cause de-enrollments and reduce participation.

Minimum Service Standards For Voice Service Are Unnecessary

- Wireless Lifeline benefits have increased significantly due to competitive forces.
 - 68 to 250, now to 350 minutes per month.
 - Unlimited texting.
 - Functions and features not previously available with Lifeline (e.g., mobility, roaming, texting), or available only at additional charges (e.g., call waiting, caller ID, long distance).
 - More than 90% of SafeLink customers have told us that 350 minutes meet their monthly needs and that imposition of even a "modest" charge of \$5.00 would force them to enroll.
 - Of those customers who could afford a monthly fee, many are "unbanked" (i.e., no checking accounts or credit cards) and would be unable to remit payments.
 - There may be a market for Lifeline plans which offer greater benefits such as unlimited calling and that require monthly fees. Providers who perceive that demand should be free – as they are today – to offer such plans, but without requiring other providers seeking to serve a different market segment, to modify their plans.
 - Most importantly, there is no evidence to support the premise than mandatory charges (so-called "skin in the game") would have any impact on program fraud.

The FCC Can And Should Take Meaningful Steps To Prevent Program Fraud And Enhance The Public Perception of Lifeline

- The most important step the FCC can take to prevent program fraud is to prohibit all incentive-based compensation for marketing of Lifeline programs, especially by independent third party agents.
 - That has worked in government-funded education programs and it can work with Lifeline.
- The FCC should prohibit all in-person distribution of handsets associated with Lifeline services (this was proposed by TracFone in a petition filed more than 3 years ago).
- Not only does real time handset distribution create fraud opportunities, it harms the public perception of the program and fuels the arguments of program critics.
- Those in-person distribution practices are unnecessary, difficult to police, and should be prohibited.